



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **MAN/00BQ/OAF/2019/0046**

Property : **Beechfield, Queens Park Road,
Heywood OL10 4UY**

Applicant : **Luke Vernon and Gail Ann Vernon**

Respondents : **The Executors and Trustees of Richard
Chadwick Crabtree**

**Type of
Application** : **Leasehold enfranchisement**

Tribunal Members : **Mr J R Rimmer
Mr J Faulkner**

Date of Decision : **10th June 2020**

Order : **The price payable for the freehold of the
Property is £414.00.**

A. Application and background

- 1 The Applicants are the leasehold owners of the property situate at and known as Beechfield, Queens Park Road, Heywood, Greater Manchester. The Respondents are the owners of the freehold interest in the property, but who are currently untraceable since the last dealings with the estate of Richard Chadwick Crabtree.
- 2 The Applicants purchased the property on 19th February 2010 and have now sought to acquire the freehold title under the provisions of the Leasehold Reform Act 1967 (“the Act”).
- 3 As the Applicants found the Respondents to be untraceable application was made to the Manchester County Court for an order under the provisions of Section 27 of the Act for a determination that the Applicants were entitled to make their acquisition and thereafter the price to be payable.
- 4 The matter was then referred to the Tribunal on 27th November 2019 for the determination of the price payable for the freehold; that amount to then be paid into court pending any future identification of the person, or persons, entitled thereto.
- 5 Application has therefore been made to the Tribunal, to set the price payable by the Applicants for the appropriate conveyance of the subject property into their names.
- 6 In compliance with the temporary arrangements in place for matters to progress during the Covid-19 pandemic the Tribunal did not inspect the subject property, but was able to make sufficient electronic enquiries to satisfy itself that the property was a substantial dwelling house on a well-established suburban roadway and it appears to have been fully and accurately described in the report of Ian Parr FRICS provided by the Applicants for the purpose of assisting the Tribunal with the valuation of the freehold interest.
- 7 Beechfield is currently held by the Applicants under the terms of a lease dated 5th August 1908 and granted for a period of 999 years from 25th March 1908 between Hugh Phipps Hornby (1) and Robert Lord (2), a copy of which has been supplied to the Tribunal. This leasehold title is now registered at HM Land Registry under title number MAN157174
- 8 The rent under the lease was originally £24:16/- , but this has now decimalised to £24.80.

- 9 The process for ascertaining the purchase price payable is set out in Section 9 of the Act as being the price payable on a conveyance of the house, subject to the existing lease, on the open market by a willing seller, subject to certain statutory assumptions contained within that section.
- 10 There are two possible relevant valuations that could be applicable to this subject property. The correct one is determined by the rateable value of the property as at 31st March 1990. If that value was £500 or less then section 9(1) applies: if it exceeds £500 then section 9(1)(a) applies. In view of the size of the property Mr Parr assumes a rateable value in excess of £500 in making his valuation under that latter provision.
- 11 In fact, there will be no difference in the valuations. The market value of a freehold relating to a lease that has 889 years to run will not alter downwards were the Tribunal to take into account a notional extension of the lease for a further 50 years (therefore leaving 939 years to run) as provided for by section 9(1).
- 12 Mr Parr's report is extensive, but for reasons that the Tribunal discusses below it does not agree with it entirely. He provides a valuation in two parts. The first is a simple valuation. What is the valuation of a ground rent of £24.80 per annum in respect of a freehold that becomes free of the lease in 889 years? He adopts a deferment rate of 6%, 16.66 years purchase, to reach a capital value of £413.68, say £414.00.
- 13 Whilst many somewhat esoteric arguments can be made out as to what should be the appropriate deferment rate for capitalising a relatively secure long term investment such as a rent, the rate chosen by Mr Parr is widely accepted as appropriate and the Tribunal would not seek to alter it.
- 14 Mr Parr also considers at some length the current market value of the property. He has added to his valuation of the freehold an additional £225.00, which sum he derives directly from his valuation for the house of £750,000.00. He sets out his reasoning at page 6 of his report.
- 15 There he is discussing "marriage value". This is the increase in the value of the property through the marriage of the freehold and leasehold interests; the value of the whole being greater than the sum of its parts.
- 16 It is accepted law that when a lease has less than 80 years to run a marriage value starts to accrue and this increases as the years left decrease. Here there is no marriage value as the length of time to expiry of the lease is well in excess of 80 years.

- 17 He however anticipates a “hope of marriage value”; that is that at some point in the future someone may make a decision to operate outside the provisions of the Act and seek to unify the two interests. It is the Tribunal’s view that in dealing with a simple valuation in relation to a single dwelling house in the circumstances that relate to Beechfield this is unnecessary. Such hope only realistically exists in more complex arrangements where a further party may have had a realistic opportunity at some point in the future to take such actions. The Tribunal has therefore discounted that further element in its entirety.
- 18 The Tribunal is also satisfied that the lease contains no provisions that might impact further upon the market value for the purposes of the any valuation under the Act.
- 19 The Tribunal therefore determines that the price payable under Section 9(1)(a) Leasehold Reform Act 1967 for the freehold interest in Beechfield, Queens Park Road, Heywood shall be £414.00.

J R RIMMER (CHAIRMAN)

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